

**IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

SQUARE D COMPANY and SCHNEIDER
ELECTRIC, S.A.,

Plaintiffs,

v.

ELECTRONIC SOLUTIONS, INC. and
WILLIAM AMBROS,

Defendants.

CASE NO. 07 C 6294

Judge James B. Moran

FILED
JUL 3 2008
MICHAEL W. DOBBINS
CLERK, U.S. DISTRICT COURT

**DEFENDANTS' RESPONSE TO PLAINTIFFS' MOTION TO OPEN DISCOVERY,
COMPEL PRODUCTION OF PURCHASE AND SALE RECORDS
AND AWARD SANCTIONS**

Defendants Electronic Solutions, Inc. and ESI of Central Florida, Inc. (incorrectly sued as Electronic Solutions, Inc.) (hereinafter collectively "ESI") and William Ambros ("Ambros"), respond to Plaintiffs' motion to open discovery, compel production of purchase and sale records and award sanctions as follows:

I. INTRODUCTION

Plaintiffs' motion to open discovery, compel production of certain records and award sanctions against Defendants (hereinafter "Plaintiffs' Motion") arises - at worst - from a series of miscommunications and misunderstandings between the parties and their respective counsel that do not merit the relief requested by Plaintiffs. Defendants, through their recently substituted counsel, are filing their Answer to Plaintiffs' Verified Complaint simultaneously with this response. Accordingly, Defendants have no objection to Plaintiffs' request that discovery in this matter commence. Further, Defendants have no objection to producing the electronic and paper records requested by Plaintiffs in their motion, to the extent such electronic and paper records

exist. Finally, Plaintiffs' allegations with respect to the April 30, 2008 inspection are unfounded and erroneous, and there is no basis to support an award of sanctions against Defendants. Defendants therefore respectfully request that Plaintiffs' motion be denied in its entirety.

II. BACKGROUND

Plaintiffs' Complaint alleges that on July 11, 2007 an individual named Tsutomu Shimomura purchased five (5) electrical contactors from Defendants for the total purchase price of \$100 plus \$15.00 shipping and handling. Complaint at ¶ 25 and Exhibit G thereto. Plaintiffs' Complaint further alleges that two (2) of the five (5) contactors were counterfeit, although the report attached to Plaintiffs' Complaint appears to relate only to one contactor, Device #4. Complaint at ¶ 27 and Exhibit H thereto. As set forth in their Answer, Defendants deny all allegations that any of the subject contactors were counterfeit. Despite Defendants' contention that the five contactors were authentic parts manufactured by Plaintiffs, Defendants agreed to the Consent Order for Preliminary Injunctive Relief ("Consent Order"), entered by this Court on February 11, 2008 and attached to Plaintiffs' motion as Exhibit A. Paragraph 4 of the Consent Order provided that:

Defendant Ambros as well as Defendant ESI, its officers agents, servants, employees and those persons acting in concert with them are enjoined from selling, transferring or otherwise disposing of any electrical products that bear the Trademarks in their possession, custody or control from February 8, 2008 through the conclusion of the inspection of Defendant's physical inventory which shall conclude no later than February 29, 2008. These dates may be adjusted by agreement of the parties.

As noted in Plaintiffs' Motion, the inspection of Defendants' physical inventory did not take place until April 30, 2008. By letter dated April 14, 2008, Plaintiffs' counsel informed Defendants' counsel that Defendant Ambros appeared to be selling products bearing Plaintiffs' trademarks (hereinafter collectively referred to as "Square D products") on several eBay sites. (A copy of the April 14, 2008 letter from Christopher T. Sheean is attached hereto as Exhibit A).

Defendants' counsel responded on April 16, 2008 and explained that Defendant Ambros believed he was allowed to resume selling Square D products based upon the advice of his counsel. (A copy of the April 16, 2008 letter from Riccardo A. DiMonte is attached hereto as Exhibit B). Thus, any sales by Defendant Ambros of Plaintiffs' products after February 29, 2008 resulted from Defendant Ambros's reliance on the advice of his counsel at that time, and not from any intention to violate the Consent Order. Defendant Ambros did not believe he was violating the Consent Order by continuing to sell Square D products. Declaration of William Ambros (hereinafter "Ambros Dec.") at ¶ 3. Defendants' prior lawyers now have withdrawn as counsel in this matter, and Defendant Ambros is not currently offering Plaintiffs' products for sale on any websites, including the Ebay sites referenced in Plaintiffs' motion. Ambros Dec. at ¶ 8.

III. THE APRIL 30, 2008 INSPECTION COMPLIED WITH THE CONSENT ORDER

Plaintiffs seek sanctions against Defendants based on the April 30, 2008 inspection conducted at Defendants' facility in Plant City, Florida. Plaintiffs contend that Defendants failed to produce: 1) all relevant Square D products; 2) hard copy records of purchases and sales of Square D products; and 3) electronic records of purchases or sales. Plaintiffs' Motion at ¶¶ 14-15. However, correspondence between Plaintiffs' counsel and Defendants' counsel demonstrates that Defendants produced all requested items in their possession, and further that Plaintiffs' counsel either misunderstood or ignored communications regarding the scope of the inspection. Defendants acted in good faith and in compliance with the Consent Order, and Plaintiffs' motion for sanctions should be denied.

A. Defendants Produced All Square D Products

Pursuant to the Consent Order, Defendants were required to provide Plaintiffs with an inventory list by the close of business February 14, 2008 identifying all electrical products bearing Plaintiffs' trademarks in Defendants' possession, custody and control. Consent Order at ¶ 5. Defendants' counsel forwarded the inventory list to Plaintiffs' counsel in compliance with the Consent Order. (Copies of the February 14, 2008 email from Riccardo A. DiMonte with attachments are attached hereto as Exhibit C). The handwritten inventory list showed a total of twenty-six (26) Telemecanique/Square D products in Defendants' inventory. *See* Exhibit C. Defendants also provided an invoice relating to Square D products purchased by Ambros as well as information that identified the seller of the products as Delixi, a China-based company engaged in a joint venture with Plaintiff Schneider Electric to manufacture electrical products. *See* Exhibit C.

Following receipt of the inventory list, Plaintiffs' counsel responded that the list appeared incomplete based on the number of Square D products offered for sale on Defendants' various websites. (A copy of the February 14, 2008 email from Christopher T. Sheean is attached hereto as Exhibit D). Defendants' counsel explained that Defendants do not maintain the products listed on their websites in inventory, but rather purchase the products and arrange shipment only when an order is received for one of the products. (A copy of the February 15, 2008 email from Riccardo A. DiMonte is attached hereto as Exhibit E). Defendants' counsel further advised Mr. Sheean that Defendant Ambros had confirmed the inventory list was accurate. *See* Exhibit E. Plaintiffs' counsel subsequently reiterated his concerns regarding Ambros's inventory, and Defendants' counsel again confirmed that Defendants' inventory of the Square D products continued to consist of the twenty-six (26) previously identified items. (A copy of the March 20,

2008 email from Liza Balistreri is attached hereto as Exhibit F). Defendant Ambros made available for the April 30, 2008 inspection all of the products on the inventory list, and Plaintiffs' representatives inspected those products. Ambros Dec. at ¶ 5.

Plaintiffs' contention that they were unable to make any meaningful conclusions regarding counterfeit products at the inspection (Plaintiffs' Motion at ¶ 18) is irrelevant to the issue of Defendants' compliance with the Consent Order. Defendants produced the specific products they advised Plaintiffs would be produced, and Plaintiffs should have had no contrary expectations. It was Plaintiffs' decision alone to engage two engineers to travel to inspect twenty-six (26) products identified by Defendants, and the travel costs totaling \$630.49 set forth in Plaintiffs' Motion should be borne by Plaintiffs. Plaintiffs' disappointment that the relevant products were not counterfeit clearly is not a basis on which sanctions should be awarded.

B. Defendants Were Not Required to Produce Purchase and Sales Records

Similarly, Plaintiffs and Defendants had a misunderstanding with respect to the scope of hard copy purchase and sale records to be made available during the April 30, 2008 inspection. On April 11, 2008, Defendants' counsel reminded Plaintiffs' counsel that the production of books and records was not required by the Consent Order, and stated that such records would not be produced unless the parties could agree on an appropriate protective order. (A copy of the April 11, 2008 email from Riccardo A. DiMonte is attached hereto as Exhibit G). Agreement on a protective order was not reached, yet Plaintiffs' counsel continued to insist that purchase and sales records of Square D products dating back to January 2006 be made available during the inspection. (A copy of the April 29, 2008 email from Christopher T. Sheean is attached hereto as Exhibit H). While Defendants' counsel did advise that hard copies of records would be produced at the inspection, there was no agreement with respect to the scope of such records to be

produced. (A copy of the April 28, 2008 email from Liza Balistreri is attached hereto as Exhibit I). Defendant Ambros never agreed to produce records dating back to January 2006 in the absence of a protective order, and did not understand that he was expected to produce such records at the inspection. Ambros Dec. at ¶ 6. Defendants' failure to produce documents in the absence of a discovery request or an Order requiring such production cannot support an award of sanctions, and Plaintiffs' motion must be denied.

C. Defendants Were Not Required to Produce Electronic Records

Finally, Plaintiffs' allegations regarding the production of electronic records reflect, at best, a failure by Plaintiffs' counsel to thoroughly read defense counsel's written communications. By email dated April 28, 2008, Defendants' counsel advised Mr. Sheean that Defendant Ambros "does not have any computer or electronic records" See Exhibit I. Despite defense counsel's explicit statement to this effect, Plaintiffs seek \$2,271.50 for the fees and expenses of a computer imager to attend the inspection. Plaintiffs elected to have a computer imager present at an inspection which Defendants advised would not include computer records, and Plaintiffs must therefore bear those costs. The Consent Order did not provide for the production of electronic records, and Defendants specifically advised such records would *not* be made available at the April 30, 2008 inspection. *Id.* Further, Defendant Ambros did not understand that he was expected to produce any such records. Ambros Dec. at ¶ 7. There simply is no basis on which Defendants should be required to pay for Plaintiffs' computer imager.

Plaintiffs' apparent frustration that the physical inspection on which they insisted revealed no evidence of counterfeit products does not support an award of sanctions against Defendants, including Plaintiffs' counsel's fees of \$8,645.00 and expenses of \$537.40. Plaintiffs demanded the physical inspection of Defendants' inventory and Plaintiffs were fully advised of what would


be made available during the inspection. Defendants were under no obligation to agree to the terms of the Consent Order or to produce materials outside of the formal discovery process. Defendants attempted to accommodate Plaintiffs' requests for informal discovery in a good faith effort to determine whether this matter could be resolved outside of litigation, but Defendants' efforts obviously have been unsuccessful. Defendants therefore respectfully request that discovery commence in accordance with the Federal Rules of Civil Procedure and that Plaintiffs' Motion to open discovery, compel production of purchase and sale records and award sanctions be denied in its entirety.

IV. CONCLUSION

WHEREFORE, for all of the reasons set forth above, Defendants respectfully request that this Court enter an Order denying Plaintiffs' motion to open discovery, compel production of purchase and sale records and award sanctions in its entirety.

Dated: July 3, 2008

Respectfully submitted,

By: 
One of the Attorneys for Defendants
Electronic Solutions, Inc. and
William Ambros

John T. Williams
Laura S. McKay
Jason Nash
Hinkhouse Williams Walsh LLP
180 N. Stetson St., Suite 3400
Chicago, IL 60601
312 784 5400
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EXHIBIT A

Wildman, Harrold, Allen & Dixon LLP
225 West Wacker Drive
Chicago, Illinois 60606-1229
312-201-2000
312-201-2555 fax
www.wildmanharrold.com



Christopher T. Sheean
312-201-2997
sheean@wildman.com

Wildman Harrold
Attorneys and Counselors

April 14, 2008

VIA ELECTRONIC MAIL

Riccardo A. DiMonte, Esq.
DiMONTE & LIZAK, LLC
216 West Higgins Road
Park Ridge, IL 60068

Re: Square D Company v. ESI of Central Florida, Inc., et al.

Dear Mr. DiMonte:

As you know, the parties to the above-referenced action entered into a consent order in conjunction with Plaintiffs' Motion for Preliminary Injunction. As part of that consent order, your clients agreed that, until Plaintiffs could conduct an inspection of plaintiffs' inventory, Defendants would refrain from selling or offering for sale any products that bear the trademarks owned by my clients, namely "Square D," "Schneider Electric," "Telemecanique," and/or "Merlin Gerin." We have been monitoring your clients' activities, including what has been offered for sale on your clients' websites and eBay sites, and have irrefutable proof that Mr. Ambros, through his eBay stores "Ambros123" and "Source Automation," have been selling thousands of dollars of products bearing the aforementioned marks. The simplest way to see this is to look at the buyer feedback on your clients' eBay sites, which specifically show what was sold and when. This despite repeated assurances from you that your clients would abide by the consent order. Please advise why we should not ask Judge Moran to hold Defendants in contempt for violating the consent order in this manner. Unless we have reached some understanding with you by 12:00 p.m. on April 17, 2008, we will file a motion with the court for contempt proceedings.

Riccardo A. DiMonte, Esq.

April 14, 2008

Page 2



Also, we have it on good authority that on February 26, 2008, Mr. Ambros received a shipment of 273 cartons of electrical equipment, including contactors, from Chang Cheng Electrical Equipment in Shanghai, China. We will expect to have the opportunity to inspect those parts when we visit Mr. Ambros' warehouse on April 30, 2008. Please let me know if those components will not be available for inspection for any reason.

Regards,

Christopher T. Sheean

cc: Brian W. Lewis (via email)
Liza Balistreri (via email)

EXHIBIT B

EUGENE A. DI MONTE
CHESTER A. LIZAK
ALAN L. STEFANIAK
LINSOTT R. HANSON
RICCARDO A. DI MONTE
DAVID T. ARENA
ABRAHAM E. BRUSTEIN
ROBERT S. MINETZ
DENNIS S. NUDO
LEE T. POTERACKI

DI MONTE & LIZAK, LLC
ATTORNEYS AT LAW
216 West Higgins Road
Park Ridge, Illinois 60068-5736
(847) 698-9600
FAX (847) 698-9623
rdimonte@dimontelaw.com

RICHARD W. LAUBENSTEIN
JEFFREY S. MC DONALD
PAUL A. GRECO
MARGHERITA M. ALBARELLO
CHRISTOPHER S. NUDO
JULIA JENSEN SMOLKA
IRA P. GOLDBERG
JEREMY A. DAMITIO
DEREK D. SAMZ
LIZA B. BALISTRERI
ADAM J. POTERACKI*

ROBERT S. CLEMENTI
1925 - 2004

* ALSO LICENSED IN WI

WRITER'S EXT. 218

April 16, 2008

Via E-Mail sheean@wildman.com

Mr. Christopher T. Sheean
Wildman Harrold Allen & Dixon, LLP
225 W. Wacker Drive, Suite 3000
Chicago, IL 60606

**RE: Square D Company, et al. vs. Electronic Solutions, et al.
Case No. 07 C 6294**

Dear Mr. Sheean:

This is in response to your April 14th letter.

I spoke to Mr. Ambros about sales of Square D trademark merchandise following expiration of the February 29th agreed order. I was under the mistaken impression that Mr. Ambros was not selling Square D merchandise until such time as your office rescheduled the inspection. However, today Mr. Ambros reminded me that he called me before February 29th. He asked me whether he would be free to sell Square D merchandise after February 29th. He reports that I told him "yes" that he would be free to sell Square D merchandise after the February 29th inspection. I do not recall our conversation but I do not doubt that I would have told him he was free to sell Square D merchandise after February 29th. That was the our agreement.

I asked him to gather up the records to show what Square D merchandise has been sold between February 29th and April 30th. He still has the original 26 items of inventory available for your inspection. All Square D orders filled since February 29th have been filled with merchandise he purchased from other vendors. You will see these records when you perform the inspection on April 30th.

In terms of your threat alleging contempt, Paragraph 4 of the agreed order addresses the issue. It is our intention to comply with the spirit of the agreed order even though the plaintiff did not perform the inspection by February 29th.

Mr. Ambros gave you the inventory list by February 14th as required by Paragraph 5 of the agreed order. Now it is your obligation to comply with Paragraph 6 and disclose the manner of visual

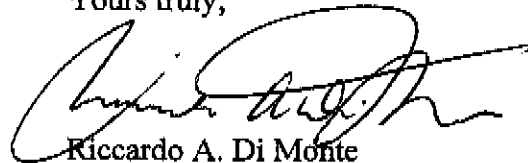
Mr. Sheean
Wildman Harrold Allen & Dixon, LLP
April 16, 2008
Page 2

inspection for the electrical products inventory and disclose during the inspection the basis for counterfeit products determinations.

Let us remember that this case involves the sale of two alleged counterfeit \$25.00 Square D contactors which Mr. Ambros acquired from Delexi Group, Square D's joint venture partner in China.

With regard to your final paragraph, Mr. Ambros received 273 cartons of electrical equipment from Chang Cheng Electrical Equipment in Shanghai, China. He reports that none of this has to do with Square D, Schneider, or Telemecanique. He will show you the boxes when you perform the inspection on April 30th.

Yours truly,

A handwritten signature in black ink, appearing to read 'Riccardo A. Di Monte', written over a horizontal line.

Riccardo A. Di Monte

RAD:ms

cc: Liza B. Balistreri
William Ambros - *via email*

EXHIBIT C

Liza B. Balistreri

From: Mary Sabovic on behalf of Riccardo A. DiMonte
Sent: Thursday, February 14, 2008 9:44 AM
To: Sheean, Christopher
Cc: Riccardo A. DiMonte; Liza B. Balistreri
Subject: RE: Square D/ESI

Attachments: Inventory List.02.14.08.pdf



Inventory
ist.02.14.08.pdf (2..

Dear Chris:

Here is the inventory and information from ESI. Please call to arrange the physical inspection.

Ric

Mary Sabovic
Assistant to Riccardo A. DiMonte, Esq.,
Alan L. Stefaniak, Esq., and Liza B. Balistreri, Esq.
DiMONTE & LIZAK, LLC
216 West Higgins Road
Park Ridge, IL 60068
Phone: (847) 698-9600 Ext. 257
Fax: (847) 698-9623
Email: msabovic@dimontelaw.com

-----Original Message-----

From: Sheean, Christopher [mailto:sheean@wildman.com]
Sent: Wednesday, February 13, 2008 5:06 PM
To: Riccardo A. DiMonte
Subject: Square D/ESI

Rick,

Judge Moran entered the Agreed Consent Order (although it hasn't been electronically posted yet) and set our case over for a status hearing on 4/16 at 9:15. What time tomorrow do you anticipate getting me ESI/Ambros' inventory list?

Thanks,

Christopher T. Sheean
Wildman Harrold Allen & Dixon LLP
225 W. Wacker Drive
Suite 2800
Chicago, Illinois 60606
T: (312) 201-2997
F: (312) 416-4659
sheean@wildman.com

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Inventory List

Feb 13, 2008

Bill Ambros

Telemechanique/Square D

<u>QTY</u>	<u>PART #</u>
6	2200EB230AA
2	*B2MT42
2	2B3BL3
4	2B3BP2
2	9001231
4	2BE101
1	2B2BV053
2	2B2BV015
2	2B2BV053

1 Twidd pack * see attached

2/18/03 4:28 PM

SHIP TO: CODE(420)
33563



SHIP TO:
Electronic Solutions
William Ambros
806 Woodrow Wilson St. Unit #3
Plant City, FL 33563
Country: US
Phone #: 8137158506



(#612019) 1801498 10001533

GND

019

FedEx
Ground

PREPAID



Ship Date: 02/18/03	Weight: 0.5 LBS	Dept.#
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Invoice #

Reference # SQD-916

PO #

EPRD EPRD EPRD EPRD EPRD EPRD EPRD EPRD EPRD EPRM EPRM EPM EPM EPM

Shipping Label: Your shipment is complete

Case of interest	Linkage of information	Process and others' Law of
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Liste des composants du TwidoPack

Compact - TWDXDPPAK1F

-
- | | |
|-------------------------------------------------------------------|----------------|
| • 1 Twido compact 10 E/S
(6 entrées 24 V, 4 sorties relais 2A) | - TWDLCAA10DRF |
| • 1 module d'horloge temps réel | - TWDXCPRTC |
| • 1 simulateur 6 entrées | - TWDXSM6 |
| • 1 logiciel de programmation TwidoSoft | |
| • 1 CD-ROM de formation TwidoTraining | |
| • 1 guide de référence rapide | |
-

TwidoPack Compact

Shipping list - TWDXDPPAK1E

-
- | | |
|-------------------------------------------------------|----------------|
| • 1 Twido compact 10 I/O
(6 In DC, 4 Out Rly, Tbk) | - TWDLCAA10DRF |
| • 1 option calendar | - TWDXCPRTC |
| • 1 simulator (6 input) | - TWDXSM6 |
| • 1 TwidoSoft Programming Software | |
| • 1 training CD-Rom TwidoTraining | |
| • 1 quick reference guide | |
-

DELIXI GROUP IMP.& EXP.CO.,LTD

Delixi Mansion, Liushi, Wenzhou, China

PROFORMA INVOICEConsignee:
ESIInv.NO: DLX070807Date: 2007/08/21Purchase order: 6279

Under mentioned goods from WENZHOU to FLORIDA via UPS EXPRESS

Item No.	Descriptions and Quantities	Unit price	Amount
1	LC1-D25 PCS 50PCS	FOB SHANGHAI 4.02\$	201.00
		TOTAL:	USD 201.00

Payment: T/T or L/C AT SIGHT

Shipment:

G.W.:

N.W.

Vol.:

BANK NAME: BANK OF CHINA WENZHOU BRANCH YUEQING SUB-BRANCH

SWIFT: BKCH

TEL: 0086-577-

TELEX: 37110

ADD: LIUSHI, YUEQING, WENZHOU, ZHEJIANG CHINA

ACCOUNT NO: 4563 5162 0600 XXXX XXX

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STOCK NEWS

JV of Schneider, Delixi Starts Operation

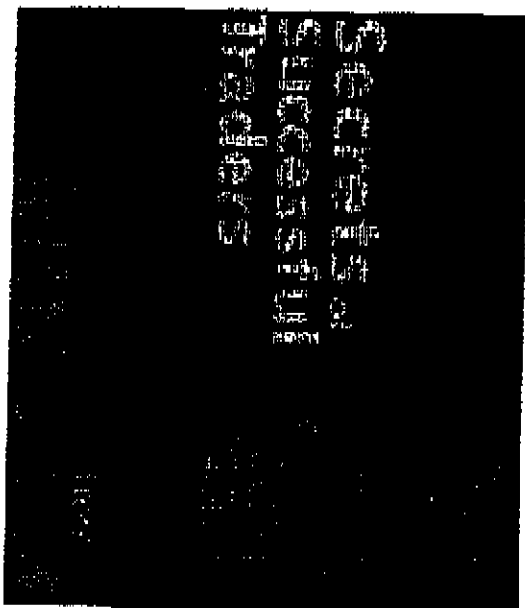
Tuesday, November 20, 2007, Posted: 05:37 AM

More News: [Top Stories](#) | [Stock Alerts](#) | [All Trading News](#)

LEQING, Nov 20, 2007 (SinoCast via COMTEX) – SBGSF | starts | news | PowerRating – Delixi Electric Ltd., a 50-50 joint venture between Wenzhou-based Delixi Group Ltd. and French-based Schneider Electric SA (Euronext: SCHN), started operation in Leqing, Zhejiang Province, east China, on November 17, 2007.

With a total investment of CNY 1.8 billion, the joint venture will be engaged in providing low-voltage products for the Chinese market. Those products will be marketed under the brand of Delixi through the distribution and sales network of Delixi Group. The new company is estimated to have an annual production value of CNY 2.26 billion.

Delixi Group and Schneider Electric signed the cooperation agreement on establishing a joint venture on December 17, 2006. The cooperation was approved by



More Breaking News about SBGSF

- » JV of Schneider, Delixi Starts Operation
- » Research and Markets: Schneider Electric SA Is Scrutinized Using A SWOT Framework Analysis In This Comprehensive Business Report
- » Research and Markets: Schneider Electric SA Is Scrutinized Using a SWOT Framework Analysis In This Comprehensive Business Report



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Solutions

Product & Services

Services

Customer

Markets

Building a new electric world

Buildings

Residential
Direct links

Energy & Infrastructure

Online E-catalogue

31/10/2007

Innovation by Schneider Electric

Newsletter & Technical Updates

Schneider Electric finalizes the formation of Delixi Electric, the new China partners

Schneider Electric In Your Life

RoHS Compliance

Beijing, China, October 31, 2007 – Schneider Electric (Euronext: SOHN) completed today with Delixi Group, following the approval of the Ministry of Commerce of the People's Republic of China, the formation of a joint venture named Delixi Electric, which will focus on addressing the Chinese market needs, and, through an exclusive relation with Delixi Group, introducing its specific business model into other targeted countries.

Download & Software

SE-Link - for Partners

This Joint Venture named Delixi Electric will be dedicated to the manufacturing, marketing and distribution of electrical products, which will focus on addressing the Chinese market needs, and, through an exclusive relation with Delixi Group, introducing its specific business model into other targeted countries.

Company information

Careers

About us

Sustainable development

Delixi Group is one of the local leaders in the Chinese electrical distribution field employing more than 10,000 employees. Delixi is recognized as one of China's famous brands.

About Schneider Electric**Around the world**

Choose a web site

Schneider Electric is the world's power and control specialist. Through its world-class brands, Telemecanique, Schneider Electric anticipates and satisfies its customers' requirements in power and infrastructure markets. With 112,000 employees and operations in 190 countries, Schneider Electric generated 20 billion in 2006 through 13,000 distributor outlets.

www.schneider-electric.com© Schneider Electric SESEA | [Privacy policy](#) |

EXHIBIT D

Liza B. Balistreri

From: Sheean, Christopher [sheean@wildman.com]
Sent: Thursday, February 14, 2008 10:23 AM
To: Riccardo A. DiMonte
Cc: Liza B. Balistreri
Subject: RE: Square D/ESI

Ric,

I received your clients' inventory list, and am troubled in several respects. First, it appears far from complete. In reviewing the websites your client maintains, www.electronicsolutionsinc.com, www.pushbuttonsdirect.com and at least one of his ebay seller's web page, it's clear that he is offering for sale far more Telemecanique, Square D, Schneider Electric and Merlin Gerin products than what are described in the half page you sent. Second, the list is handwritten, not a printout of an actual inventory list from your clients' database.

We find this troubling as well. Please have your client generate a list from his computers that lists every product in his possession, or in the possession of any company he is affiliated with that sells electrical products, that bears the trademarks, Square D, Merlin Gerin, Schneider Electric and/or Telemecanique. This would include not just contactors, but also circuit breakers, switches, push buttons, etc.

Please also confirm that you have informed your client of his obligation to preserve any and all electronic or paper evidence in his possession relating to the purchase and sales of electronic products. We will need to examine your clients' computers to confirm his activities.

Until we get a complete and accurate picture of your clients' records, we cannot determine the personnel we will need to conduct the inspection.

Chris

Christopher T. Sheean
Wildman Harrold Allen & Dixon LLP
225 W. Wacker Drive
Suite 2800
Chicago, Illinois 60606
T: (312) 201-2997
F: (312) 416-4659
sheean@wildman.com

-----Original Message-----

From: Mary Sabovic [mailto:msabovic@dimontelaw.com] On Behalf Of Riccardo A. DiMonte
Sent: Thursday, February 14, 2008 9:44 AM
To: Sheean, Christopher
Cc: Riccardo A. DiMonte; Liza B. Balistreri
Subject: RE: Square D/ESI

Dear Chris:

Here is the inventory and information from ESI. Please call to arrange the physical inspection.

Ric

Mary Sabovic
Assistant to Riccardo A. DiMonte, Esq.,
Alan L. Stefaniak, Esq., and Liza B. Balistreri, Esq.
DiMONTE & LIZAK, LLC
216 West Higgins Road

Park Ridge, IL 60068
Phone: (847) 698-9600 Ext. 257
Fax: (847) 698-9623
Email: msabovic@dimontelaw.com

-----Original Message-----

From: Sheean, Christopher [mailto:sheean@wildman.com]
Sent: Wednesday, February 13, 2008 5:06 PM
To: Riccardo A. DiMonte
Subject: Square D/ESI

Rick,

Judge Moran entered the Agreed Consent Order (although it hasn't been electronically posted yet) and set our case over for a status hearing on 4/16 at 9:15. What time tomorrow do you anticipate getting me ESI/Ambros' inventory list?

Thanks,

Christopher T. Sheean
Wildman Harrold Allen & Dixon LLP
225 W. Wacker Drive
Suite 2800
Chicago, Illinois 60606
T: (312) 201-2997
F: (312) 416-4659
sheean@wildman.com

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EXHIBIT E

Liza B. Balistreri

From: Mary Sabovic on behalf of Riccardo A. DiMonte
Sent: Friday, February 15, 2008 4:16 PM
To: Sheean, Christopher
Cc: Riccardo A. DiMonte; Liza B. Balistreri; BILL AMBROS
Subject: RE: Square D/ESI

Dear Chris:

This is in response to your concern about the inventory list. Mr. Ambros agrees that he has a wide variety of Schneider/Square D. items on his website and in Ebay. However, nothing on his websites nor on Ebay states that he has these items in stock. Just like the transaction complained of in the complaint wherein ESI sold five contactors to the gentleman in Nevada, when ESI receives an order for items advertised on the web, ESI turns around and purchases the order from Square D./Schneider/Delixi and either makes delivery himself or has the items drop shipped from the manufacturer.

Mr. Ambros insures me that the inventory list is accurate and if you have any concerns about its accuracy, he invites Schneider/Square D. to visit his office. So basically, when a customer places an order, ESI purchases it and delivers it to the customer or has the factory drop ship it directly to the customer.

Let us know when you intend to conduct the physical inspection. Thanks very much.

Riccardo A. DiMonte

Mary Sabovic on behalf of Riccardo A. DiMonte Assistant to Riccardo A. DiMonte, Esq., Alan L. Stefaniak, Esq., and Liza B. Balistreri, Esq.
DiMONTE & LIZAK, LLC
216 West Higgins Road
Park Ridge, IL 60068
Phone: (847) 698-9600 Ext. 257
Fax: (847) 698-9623
Email: msabovic@dimontelaw.com

-----Original Message-----

From: Sheean, Christopher [mailto:sheean@wildman.com]
Sent: Thursday, February 14, 2008 10:23 AM
To: Riccardo A. DiMonte
Cc: Liza B. Balistreri
Subject: RE: Square D/ESI

Ric,

I received your clients' inventory list, and am troubled in several respects. First, it appears far from complete. In reviewing the websites your client maintains, www.electronicssolutionsinc.com, www.pushbuttonsdirect.com and at least one of his ebay seller's web page, it's clear that he is offering for sale far more Telemecanique, Square D, Schneider Electric and Merlin Gerin products than what are described in the half page you sent. Second, the list is handwritten, not a printout of an actual inventory list from your clients' database.

We find this troubling as well. Please have your client generate a list from his computers that lists every product in his possession, or in the possession of any company he is affiliated with that sells electrical products, that bears the trademarks, Square D, Merlin Gerin, Schneider Electric and/or Telemecanique. This would include not just contactors, but also circuit breakers, switches, push buttons, etc.

Please also confirm that you have informed your client of his obligation to preserve any and all electronic or paper evidence in his possession relating to the purchase and sales of electronic products. We will need to examine your clients' computers to confirm his

activities.

Until we get a complete and accurate picture of your clients' records, we cannot determine the personnel we will need to conduct the inspection.

Chris

Christopher T. Sheean
Wildman Harrold Allen & Dixon LLP
225 W. Wacker Drive
Suite 2800
Chicago, Illinois 60606
T: (312) 201-2997
F: (312) 416-4659
sheean@wildman.com

-----Original Message-----

From: Mary Sabovic [mailto:msabovic@dimontelaw.com] On Behalf Of Riccardo A. DiMonte
Sent: Thursday, February 14, 2008 9:44 AM
To: Sheean, Christopher
Cc: Riccardo A. DiMonte; Liza B. Balistreri
Subject: RE: Square D/ESI

Dear Chris:

Here is the inventory and information from ESI. Please call to arrange the physical inspection.

Ric

Mary Sabovic
Assistant to Riccardo A. DiMonte, Esq.,
Alan L. Stefaniak, Esq., and Liza B. Balistreri, Esq.
DiMONTE & LIZAK, LLC
216 West Higgins Road
Park Ridge, IL 60068
Phone: (847) 698-9600 Ext. 257
Fax: (847) 698-9623
Email: msabovic@dimontelaw.com

-----Original Message-----

From: Sheean, Christopher [mailto:sheean@wildman.com]
Sent: Wednesday, February 13, 2008 5:06 PM
To: Riccardo A. DiMonte
Subject: Square D/ESI

Rick,

Judge Moran entered the Agreed Consent Order (although it hasn't been electronically posted yet) and set our case over for a status hearing on 4/16 at 9:15. What time tomorrow do you anticipate getting me ESI/Ambros' inventory list?

Thanks,

Christopher T. Sheean
Wildman Harrold Allen & Dixon LLP
225 W. Wacker Drive
Suite 2800
Chicago, Illinois 60606
T: (312) 201-2997
F: (312) 416-4659
sheean@wildman.com

EXHIBIT F

Liza B. Balistreri

From: Liza B. Balistreri
Sent: Thursday, March 20, 2008 1:25 PM
To: sheean@wildman.com
Cc: Riccardo A. DiMonte; billambros@yahoo.com
Subject: Square D. et. al. v. ESI, et. al.

Dear Chris,

I have received both of your letters faxed yesterday. I spoke with our client, and he is willing to accommodate your request to ship his inventory to your office at your expense. He will also sign the affidavit that you propose. Please forward the necessary shipping information and/or account number so that we may coordinate the shipment. In addition, I would ask that you draft the affidavit to include the necessary statements and I will forward it to our client for execution.

Regarding your concern about Mr. Ambros' inventory, our client has consistently maintained that he has only 26 Square D, Telemecanique, etc. items in his inventory. If you recall during our initial phone conversation between you, Riccardo DiMonte and me, we advised you that Mr. Ambrose keeps only a limited inventory in his warehouse and only acts as a middleman for the items he lists on eBay. Once an item is ordered off of eBay, Mr. Ambros must fill the order by obtaining the item from Square D's, Telemecanique's, etc. manufacturer. His inventory remains at 26 items, and he is still willing to open his warehouse for inspection if necessary.

Finally, please advise how long the items will be held by your office once they are shipped. If some or all of the items are not returned to Mr. Ambros, will your clients agree to reimburse Mr. Ambros the list price for each item withheld?

Liza B. Balistreri
DiMonte & Lizak, LLC
216 Higgins Road
Park Ridge, IL 60068
Phone: (847) 698-9600
Fax: (847) 698-9623

3/20/2008

EXHIBIT G

Mary Sabovic

From: Mary Sabovic on behalf of Riccardo A. DiMonte
Sent: Friday, April 11, 2008 4:31 PM
To: 'Sheean, Christopher'
Cc: Liza B. Balistreri
Subject: Square D. et al vs. ESI, et al.; 07 C 6294

Dear Mr. Sheean,

I am writing to prevent a misunderstanding. On February 13, 2008, we entered an Agreed Order giving the plaintiff the right to conduct an inspection by February 29th and the defendant agreed to forbear selling Square D. trademarked inventory through the February 29th inspection date. Now, two more months will pass before you perform the inspection on April 30th and the defendants have forgone selling Square D. inventory to show good-faith in an attempt to achieve the intention of the February 13th order. For reasons unrelated to the defendants, the plaintiff was unable to perform the inspection by February 29th and we have rescheduled for April 30th.

You have recently requested an inspection of the defendant's books and records. I specifically told you that I would not object to producing books and records because the plaintiff would be entitled to that inspection as part of its right to discovery. However, in view of the fact that you want to review the defendant's books and records, at its place of business, both on paper and electronically, we requested a protective order. If you had served me with a request for production of documents, I would have requested a protective order from you. If you did not agree, I would file a motion for one. This is not an unreasonable request and the courts routinely grant them.

Nothing in the Agreed Consent Order for Preliminary Injunctive Relief requires the defendant to produce books and records for your inspection. We agreed to do so only as an accommodation. If you cannot agree to perform the inspection on our reasonably requested terms, then we will not make the records available on April 30th.

So there is no misunderstanding, we are perfectly willing to produce the defendant's books and records for your review at the April 30th inventory inspection. However, prior to that time, we must have an agreed protective order in place.

Please call if you would like to work something out. As far as we are concerned, the April 30th inspection date stands.

Riccardo A. DiMonte

Mary Sabovic
Assistant to Riccardo A. DiMonte, Esq.,
and Liza B. Balistreri, Esq.
DiMONTE & LIZAK, LLC
216 West Higgins Road
Park Ridge, IL 60068
Phone: (847)698-9600 Ext. 257
Fax: (847) 698-9623
Email: msabovic@dimontelaw.com

EXHIBIT H

Mary Sabovic

From: Sheean, Christopher [sheean@wildman.com]
Sent: Tuesday, April 29, 2008 1:24 PM
To: Liza B. Balistreri; Riccardo A. DiMonte
Subject: RE: Square D. v. ESI, et.al.; 4/30 inspection

Liza and Ric,

As we discussed yesterday, your client will grant access to its warehouse for an inspection by me, two Square D employees, and a computer technology person. We agreed that the four of us would be permitted access at the same time, and would not have to enter one at a time, as suggested in your email below.

It is my understanding that while at ESI's warehouse, we will be permitted to review all records of purchases and sales of any merchandise branded as Square D, Schneider Electric, Telemecanique and/or Merlin Gerin made since January 2006 by ESI, ESI of Central Florida, pushbuttonsdirect, Source Automation, and/or William Ambros or any agent. We will also be permitted to inspect all merchandise in the possession or control of ESI, ESI of Central Florida, pushbuttonsdirect, Source Automation, and/or William Ambros or any agent thereof, branded as Square D, Schneider Electric, Telemecanique and/or Merlin Gerin. We will also be permitted to inspect any products imported from China that are on hand at the facility, including the 273 cartons of material purchased by ESI from Chang Cheng Electrical in February.

In reviewing the books and records of ESI, we will be permitted to identify those documents we would like to have copied at our expense. In addition, Mr. Ambros will allow our computer person access to all computers on site, for imaging.

Finally, we will bring a digital and video camera to make a record of the inspection.

Please let me know immediately if your understanding of the inspection differs in any material respect to the understanding set forth above.

Regards,

Christopher T. Sheean
Wildman Harrold Allen & Dixon LLP
 225 W. Wacker Drive
 Suite 2800
 Chicago, Illinois 60606
 T: (312) 201-2997
 F: (312) 416-4659
sheean@wildman.com

-----Original Message-----

From: Liza B. Balistreri [mailto:lbalistreri@dimontelaw.com]
Sent: Monday, April 28, 2008 2:08 PM
To: Sheean, Christopher
Cc: Riccardo A. DiMonte; BILL AMBROS
Subject: Square D. v. ESI, et.al.; 4/30 inspection

Chris,

The warehouse address is: 2711 Airport Road, Plant City, Florida. Mr. Ambrose will make all products bearing the Square D., etc. marks available for your inspection. He does not have any computer or electronic records, but he does have hard copies of his records, which will also be available for the inspection.

Mr. Ambrose will be ready for the inspection to proceed on April 30, 2008, from noon until 4:00 p.m. E.S.T. He will allow one inspector at a time to examine his records and inventory. In addition, he may videotape portions or all of the inspection.

Liza B. Balistreri
DiMonte & Lizak, LLC
216 Higgins Road
Park Ridge, IL 60068
Phone: (847) 698-9600
Fax: (847) 698-9623

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EXHIBIT I

Liza B. Balistreri

From: Liza B. Balistreri
Sent: Monday, April 28, 2008 2:08 PM
To: Sheean, Christopher
Cc: Riccardo A. DiMonte; BILL AMBROS
Subject: Square D. v. ESI, et.al.; 4/30 inspection

Chris,

The warehouse address is: 2711 Airport Road, Plant City, Florida. Mr. Ambrose will make all products bearing the Square D., etc. marks available for your inspection. He does not have any computer or electronic records, but he does have hard copies of his records, which will also be available for the inspection.

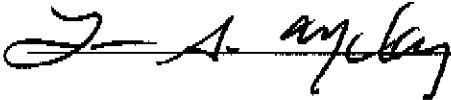
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Liza B. Balistreri
DiMonte & Lizak, LLC
216 Higgins Road
Park Ridge, IL 60068
Phone: (847) 698-9600
Fax: (847) 698-9623

4/28/2008

CERTIFICATE OF SERVICE

Laura S. McKay, an attorney, hereby certifies that she caused a true and correct copy of the foregoing Defendants' Response to Plaintiffs' Motion to Open Discovery, Compel Production of Purchase and Sale Records and Award Sanctions and Declaration of William Ambros to be served via email and U.S. mail this 3rd day of July, 2008 on all counsel of record.

_____